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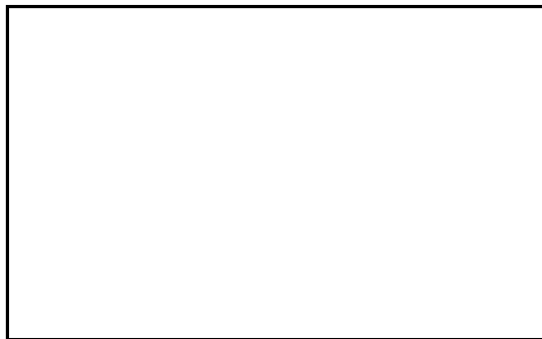
DD/STW

520-70

Minutes of the Agency Contract Review Board

14 January 1970

PRESENT:



1. [] opened the meeting with two announcements of general interest.
 - a. He notified the group of Mr. Blake's appointment as Director of Logistics and of [] appointment as the Deputy Director of Logistics.
 - b. He informed the group that Public Law 91-129 had been received and analyzed carefully by the Office of Logistics. This act, a copy of which will be sent to each attendee, establishes a Commission on Government Procurement.
2. [] next discussed two separate contractors each of which may be in financial trouble. These were:
 - a. [] - During the past few years, the G&A rate of this contract increased from 18 percent to 69 percent. TSD has not been completely satisfied with [] and is attempting to find another source. At the request of [] stated that the contractor had recently opened new plush offices, had nominated new corporate officers,

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Declassification Review by NGA

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GROUP 1
Excluded from automatic
downgrading and
declassification

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and had established a new accounting system. All of these, of course, are expensive and this additional expense may account for some of the increased G&A. [] also mentioned that this contractor has been claiming reimbursement for material purchased against Agency contracts at the time the purchase order is written and not after delivery of the goods in question. [] suggested that we request a Dun and Bradstreet report on [] [] stated that this would be done and that a report would be written for subsequent submission to TSD.

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b. [] - Another contractor with somewhat the same financial problems as [] has been treated in the same manner; i.e., we have asked for a Dun and Bradstreet report together with an exhaustive research by ICAD.

3. [] next discussed an overrun proposed for [] This contract, since its inception, has had a cost increase from the original [] to some [] Last December the company surfaced the possibility that a [] to [] overrun was developing. About Christmas time, [] Chief, OEL/DD/S&T visited the contractor. At this time he was informed that there would be a \$ [] overrun requested. This amount of money is available and work will continue under the contract as the technical monitors inform us that the Agency is obtaining full value even with the overrun. [] pointed out that there will be a reduction in fee based on terms of the original contract. When asked by [] [] stated that as far as he can determine, the [] overrun can be attributed to an underestimation of manhours to be utilized, together with greater than anticipated costs of refurbishing GFE. [] noted that the Board would probably request a final report on this matter later on.

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4. The next item on the agenda was the scheduled Logistics Briefing presented by [] There was some discussion as today's briefing covered the responsibilities for approval of subcontractors, more specifically, who is responsible for what over such contractors. Following this discussion, [] suggested that this entire subject be referred to the Procurement Policy Panel for further consideration.

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1 5. [] presented a summary of the steps leading to the excellent
1 contract written with [] In this particular case, the con-
tracting officer had developed a fixed price contract, coupled with a [] bonus 25X1
which could be earned by the contractor based upon performance. There was con-
siderable interest in this subject and a great deal of discussion. As the TSD
member was not present at today's meeting, [] announced that he would 25X1
request a briefing to be given to [] at some future time.

1 6. The final item discussed concerned itself with a proposed change in
1 scope of a [] contract now in existence (Docket # R-70-1-22). This is a com-
plicated matter as the original contract written for \$ [] now has expanded to 25X1
nearly [] dollars. [] suggested that it was probably premature
to discuss this matter at today's meeting and that a more thorough discussion will
be scheduled for early Board consideration.

[] 25X1

Chairman
Agency Contract Review Board

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